



A JUST TRANSITION? THE BARRIERS TO CENTRAL AND EASTERN EUROPE MAKING THE LEAP FROM COAL

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SPECIAL REPORT

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As the EU Green Week kicks off in Brussels, EURACTIV takes a closer look at an essential step towards a net zero emission Europe – the transition away from coal.

Armed with the new €17.5 billion-strong Just Transition Fund, the European Commission has pledged to support coal-reliant regions to stop burning this carbon-intensive, air-polluting fossil fuel while preserving livelihoods and pensions.

However, this is easier said than done. As poorer Central and Eastern European countries rush to submit their plans to the EU executive to access the funds, long-standing issues crystallise, such as social acceptance, lacking national know-how, and the perception of an ever-distant Brussels.

Add to this the differences state-owned enterprises and private companies face in decarbonising their power generation, and the simple step out of coal becomes infinitely more complex.

Read EURACTIV's special report to find out more about how EU countries and institutions are progressing with their pledge to quit coal and implement a just transition.

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National politics threatens just transition fund for coal-reliant regions

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By Kira Taylor and Vlagyiszlav Makszimov | EURACTIV.com



South-east Europe's largest open-air coal mine Maritsa Iztok in South Bulgaria. [Shutterstock/Nikolay Dimitrov - ecobo]

Domestic politics, bureaucratic turf wars, and prosperous regions resistant to quitting coal remain a serious obstacle to meaningful progress on designing just transition plans, despite the involvement of European Commission-funded consultants, and pressing deadlines.

As Europe looks to increase its climate ambition and tackle climate change, the risk of leaving certain

communities behind is growing. Already, there is a huge disparity across Europe when it comes to the readiness and ability to shift to a sustainable economy.

Many richer Western countries already have a significant amount of renewable energy capacity, while those in central and eastern Europe are still heavily reliant on coal, both for power and jobs.

The European Union's €17.5 billion Just Transition Fund aims to tackle that divide and create a socially fair shift towards a greener economy. As EU Green Deal chief, Frans Timmermans, put it: "The transition will happen in a fair way or it will not happen, because people will then not accept it."

But the money will not simply be handed down from Brussels. In fact, there are many hoops that regions wanting to access the money need to

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jump through.

Funding for fossil fuels was [axed from the Fund](#) in December 2020 and regions need to produce territorial just transition plans to show a clear path to net zero emissions. These must be approved by the European Commission.

However, despite the Commission forking out for consultancies to help draft the plans, age-old problems that encircle regional development look set to impact the just transition fund too.

That means low absorption rates for the money, plans remaining at the status quo, and a lack of public transparency.

BULGARIA: RESISTING REGIONS AND CAMPAIGN PROMISES

One of the main obstacles to the implementation of the funds remains the regions themselves, where workers fear losing their salaries.

“The perception here in Stara Zagora is that nobody knows what will happen actually,” said Romyana Grozeva, the executive director of Bulgaria’s biggest coal-reliant region’s development agency, home to roughly 85% of the country’s reservoirs.

“Of course, people are not happy about this because it’s their job, their life, their families,” she said.

Stara Zagora hosts an open pit lignite mine and three big coal-fired power plants, which form Maritsa East Energy Complex.

According to Grozeva, the discussions about how to transition away from coal only began in earnest

in 2018 and, while there has been “very sensitive progress”, there is no solution in sight that would satisfy both the companies and workers involved.

She said that finding a solution is further complicated by the fact that Stara Zagora is one of the most economically advanced regions in Bulgaria, with salaries second only to the country’s capital, Sofia. This means that the available EU support may not be enough to entice the region to ditch coal fast enough.

The difficult conversations around moving away from coal are further slowed down by domestic politics. Grozeva said that no one wanted to talk about shutting down the mines in the run-up to the general elections in April.

As the campaign started “all of these parties [started saying], ‘nobody will close the complex, nobody will close the power plants, etc,’” Grozeva told EURACTIV. “The discussion started probably two days after the elections again, and we will see.”

The pandemic also changed the narrative around coal and the “topic exploded”, said Georgi Stefanov from WWF Bulgaria.

The fundamental issue, the green campaigner said, is that Stara Zagora should get the largest allocation of EU support, but the region “doesn’t want it.”

To solve the problem, the Bulgarian government started to look at shifting just transition funds to other heavy-industry regions.

EURACTIV understands that the Bulgarian authorities have requested

the support of the World Bank to prepare transition plans for eight additional industrial regions with high emissions, but the European Commission is sceptical about the move.

LACKING DATA AND MINISTERIAL TURF WARS

Another barrier to drawing up clear plans to transition away from coal — and thus receiving EU support — is missing economic and environmental analysis.

“One of the biggest problems in Bulgaria is that we don’t have validated data, whether for environment or energy,” Stefanov said.

“All the institutions, all the sectors use their own data, and this is very speculative,” he added, bringing the example of trade union inflating the number of workers relying on fossil fuels by including jobs that are only tangentially related.

Moreover, the implementation of the just transition money, initially under the remit of the energy ministry was later moved to regional development, against the former’s will.

“It was a bit of a small battle for the Ministry of Energy, not to allow this power to be removed from their responsibilities to other ministries, but then it was decided,” Stefanov said.

TROUBLE FOR POLAND

Poland has a story of its own. Because the country is yet to sign up to climate neutrality by 2050, it is likely that it will only receive half of what it is entitled to. In other words, it

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is missing out on €2 billion.

The situation across the country varies wildly. Some regions have been part of the Coal Regions in Transition scheme, set up by the European Union in 2017, to develop collaboration and share best practices.

However, others have not. One particular region in the southwest of Poland, where the disputed [Turów coal mine lies](#), is likely to miss out on funds altogether.

Better known for the ongoing dispute between the Czech Republic and Poland on the mine's impact on the Czech water supply, the mine and adjoining power plant could also cost the region its just transition money.

That is because the government intends to keep it open and running on climate-polluting coal until 2044, long past the 2030 phase-out date for coal in OECD countries set out in the Paris Agreement.

“The Commission did not qualify the Bogatynia subregion (Poland) for JTF support, as this area is not in the process towards a climate-neutral economy due to the possible prolongation of lignite extraction beyond 2030 and the opening of a new lignite-fired power unit in the Turów power plant,” [read a document from the European Parliament](#).

“We hope that no region and local community will be left behind and the Commission will confirm

the possibility to address via Just Transition Fund the negative effects of the ongoing transformation also for the Turow surrounding area,” said Małgorzata Babska, spokeswoman of PGE Group.

The Commission's warning raises questions about whether that same rule will be applied to all regions, a particular problem for Poland, which has struck a deal with unions to phase out hard coal mining by 2049.

“The Commission expects to see in the Territorial Just Transition Plans clear evidence of a transition process and its impact at the level of the concerned territory in the near future by 2030 or before,” a European Commission spokesperson told EURACTIV.

“Irrespective of the timing of phasing out of coal, opening new mines in a TJTP region is not in the line with the objectives of the Just Transition Fund,” they added.

Commission must boost presence in regions to promote just coal transition

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By Kira Taylor and Vlagyiszlav Makszimov | EURACTIV.com



The headquarters of the Oltenia Energy Complex. Romania, Targu Jiu. January, 12, 2020 [Shutterstock/Bogdan Vacarciuc]

The European Commission should ensure its decisions remain in line with its climate targets and monitor regional social acceptance of the bloc's transition away from coal, stakeholders in Central and Eastern Europe say.

Brussels is often the victim of its distance from the regions it governs, but decisions by the European executive on the just transition away from coal need to be informed by people on the ground and give a clear message on the policy, stakeholders told EURACTIV.

A case in point are current issues surrounding the Romanian state-owned energy company Complexul Energetic Oltenia (CE Oltenia), which is responsible for 90% of the country's coal-fired electricity.

The European Commission's upcoming decision on a state aid issue with company finances could make or break the region's transition.

CE Oltenia operates all lignite mines in the country and has experienced financial woes over the latter half of the 2010s as EU carbon prices soared.

Just this week, CE Oltenia announced another €180 million in losses for 2020, while its income shrank by 32%, [Romania-insider.com reported](#).

The company, which currently produces about a fifth of the country's electricity, has seen its role in the energy mix decreasing. Now it is seeking to restructure with the help of a €1.3 billion state-backed cash injection, or face bankruptcy.

However, the plan first needs to be green-lit by the European Commission,

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with environmental groups warning that giving the go-ahead would lock the country into coal beyond the 2030 phase-out target set out in the Paris Agreement.

“The Commission’s decision on the Oltenia state aid case will be pivotal, since it will be a choice between the absurd practice of using taxpayer money to keep bailing out fossil-based utilities, and a just, green transition,” Mahi Sideridou, managing director of Europe Beyond Coal said in a statement.

Beyond potentially perpetuating fossil fuel dependence, the decision on CE Oltenia’s restructuring is holding up the preparations for accessing the just transition fund in Gorj, the region where most of its operations are based.

If the European Commission’s competition branch approves the current restructuring plan, it would undermine their own work in the regional policy and energy departments, who are providing ongoing support to authorities in Gorj County, according to [analysis](#) by the NGO Climate Action Network.

MILES TO GO TO CLEAN ENERGY

Even in the likely event that the European Commission rejects the restructuring plan, the region faces an uphill battle to transition to more sustainable energy production.

“From a social point of view, it’s not easy and this [CE Oltenia] discussion didn’t even start yet from my point of view, we don’t know what will happen,” warned trade unionist

Dumitru Fornea from the European Economic and Social Committee, a 328 member EU advisory body.

He said that the region does not have reason to be optimistic and that, although CE Oltenia may be economically viable, it cannot pay for the rising costs of the EU’s emissions trading scheme. Meanwhile, the money paid in order to keep polluting leaves the region never to be seen again.

“The European Commission, in compensation, proposes the just transition fund, which is totally insufficient for the quantity of money which is necessary to pass successfully this [transition] process,” Fornea warned.

He added that general development projects will be insufficient and that the Romanian government will have to come up with a social package for the miners.

“If they will just work with the concept of general projects for the region, they will not answer to the social concern. If you don’t answer to the social concern you have social unrest,” he told EURACTIV.

He also warned that the Commission and the European Parliament have to take the issue of social acceptance seriously. “We are in a vicious circle of a lack of trust, nobody believes in any of the projections,” Fornea said.

“Already the national governments, when you discuss [this process] with them, you hear them say that ‘yeah, again these people from Brussels told us to do that and

that and that, and now we have to deal with this,” he added.

TRANSLATING ‘BRUSSELS-SPEAK’

The problem of negotiation fatigue and social unrest is not singular to Romania.

Rumyana Grozeva, executive director of the Stara Zagora regional economic development agency, said politicians and trade unions are still blaming the European Commission for establishing the bloc’s carbon trading market, launched 16 years ago.

However, Grozeva, whose tasks include communicating messages from the European Commission to local actors also pointed out that Brussels-speak is often difficult to translate.

“There are some cases when it’s for me difficult to understand what the Commission is saying in its memos, etc,” she said, and agreed that the European executive should be more present on the ground.

However, that’s not to say that the Commission would be warmly welcomed in all places.

“But in case the Commission makes efforts to be more locally represented, then the national governments will say, ‘OK, but we are national governments and we don’t want the Commission to be so close and so involved,’” she added.

State vs private: Europe's mismatched transition out of coal

By Kira Taylor and Vlagyiszlav Makszimov | EURACTIV.com



Fully market-driven ventures are far more vulnerable to the ever-increasing price of emitting carbon, so have more reason to ditch coal and move towards cleaner energy production. [Shutterstock/E-V]

There is a growing disparity in the progress central and eastern Europe's regions have made to transition away from coal, often influenced by how willing the state is to rescue increasingly unviable companies. Some regions are beginning to close polluting mines while others plan to keep them open for decades.

In Poland and Bulgaria, there is a stark contrast between regions with private energy enterprises and those with state-owned companies. Fully market-driven ventures are far more vulnerable to the ever-increasing price of emitting carbon and therefore have more reason to ditch coal and move

towards cleaner energy production.

'BAD BANK' OF POLAND

For instance, the region of Eastern Greater Poland, which hosts private energy company Zepak, is much further ahead in the energy transition than regions like Lower Silesia, where state-owned PGE operates.

Zepak has agreed to phase out coal by 2030 while PGE plans to extract coal up to 2049.

"PGE is playing for time because, at the end of the day, they hope that the state will take on their losing fossil departments. They hope to leave all

the losing assets to the public pools and concentrate wind, solar, even nuclear," Riccardo Nigro, campaign coordinator for coal combustion and mines at the European Environmental Bureau, told EURACTIV.

Instead of phasing out climate-damaging, expensive coal, the government plans to buy these assets from state-owned companies and put them into a so-called 'bad bank' of investments.

However, the prolongation of coal is likely to mean regions will miss out on just transition funds, as is the case of Lower Silesia, the region surrounding the Turów mine, which

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the government wants to keep open until 2044.

Meanwhile, Zepak has been involved in the just transition from the beginning.

According to the founder of the Green Future Institute, Agata Kuźmińska, it is good for the region that there is a private energy company.

“They don’t [say] we will dig the coal forever and things like that – which is what is happening, for example, in the governmental energy companies,” she explained.

She warned, however, of concerns that Zepak’s influence may divert too much of the money to the main city of Konin, leaving less for the surrounding area.

STATE VS PRIVATE IN BULGARIA

A similar divide has emerged in Bulgaria, where there is a clear distinction between the southwest and southeast region.

The areas of Pernik and Bobov Dol in the southwest host privately-owned coal power plants, which are willing to decarbonise. The region, close to Bulgaria’s capital Sofia, has been in an economic decline for decades, so it is more prepared to start the transition.

Stara Zagora in the southeast is a very different story. All three of its lignite pit mines and one of the three coal-fired power plants in the region are fully state-owned, and the National Electricity Company (NEK) has a stake in another one.

“We found that local authorities, but also the other stakeholders, were open to negotiate. It’s like ‘Let’s talk about the just transition in the southwest and don’t touch southeast’. That’s the story in Bulgaria,” explained Georgi Stefanov, who works for WWF in Bulgaria.

“Our Poland story is in Stara Zagora,” he added, saying no one wants to stir fears of economic decline and open the Pandora’s Box of coal transition.

RESTRUCTURING IN ROMANIA

Romania, which has one of the higher allocations from the EU’s Just Transition Fund, is a different picture altogether. Its energy producers are mostly state-owned and it has a more balanced energy mix than [Bulgaria](#) and [Poland, with natural gas as its biggest energy supplier](#).

In the Hunedoara region, mining firms are already in decline and there is little left to close.

However, one coal plant in the Gorj region may complicate things. CE Oltenia – the state-owned lignite-based energy company that provides 90% of Romanian coal power – has launched a huge restructuring effort to save its power plant, with the help of a €1.3 billion taxpayer-backed cash injection.

The plant is mired in debt, and just this week it announced another €180 million in losses for 2020. It took out a loan in 2019 and, a year later, the European Commission approved €251 million of state aid.

Now, the Commission has launched an investigation in April, expressing “doubts that the restructuring plan and the aid to support it” satisfy EU competition rules.

Environmental activists say that, more importantly, the current plan would lock Romania into coal-dependency for years.

“If the competition arm of the Commission is serious about a new state aid regime that is aligned with the European Green Deal, as claimed since 2020, ... this case presents an invaluable opportunity to require a decarbonised restructuring of the company as a condition for the state aid,” the NGO [Climate Action Network Europe](#) said.

“Romania is among the poorest EU member states and it still allocates a small portion of its resources to fighting climate change. In the long run, this will become expensive: the costs of decarbonising the economy will increase tenfold in a decade,” Alexandru Mustață from Bankwatch, a network of groups monitoring public finances, told EURACTIV.

Public engagement still lacking in coal regions' transition, NGOs warn

By Kira Taylor and Vlagyiszlav Makszimov | EURACTIV.com



A Greenpeace protest calling to phase out coal in front of thermal power plant in the town of Pernik, Bulgaria [VASSIL DONEV / EPA-EFE]t

Despite being a requirement, public consultation remains inadequate as Central and Eastern European (CEE) regions draw up the plans to unlock the €17.5 billion just transition fund, civil society has warned.

People in regions dependent on coal – which are most in need of the fund – were often sidelined in consultations leading up to the submission of the just transition plans to the European Commission, activists told EURACTIV.

The allegations are all the more worrying because the EU executive is

forking out a pretty penny in structural support for consultants, tasked with aiding authorities to conduct social and economic impact analyses of the transition out of burning climate-polluting coal.

Even though there are online consultations in Bulgaria, with letters of invitation sent out to municipalities, business associations, NGOs and academic organisations, “this is not enough to generate meaningful engagement in the process – people living in the regions where the plans are being developed are poorly informed,” green public finance watchdog Bankwatch wrote in

its spring assessment.

Another “big problem in Bulgaria is the lack of accessible and official information about the work of consultants, as well as about the input from the industry,” the NGO claimed.

The situation in Romania was not much better, with documents being sent without enough time for meaningful engagement in advance of the deadline, especially in Jiu Valley – one of the coal mining regions in the country.

The consultants are there to help the authorities produce the so-called

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territorial just transition plans, but they are not in charge of actually delivering the documents, Alexandru Mustață, just transition coordinator for the region at Bankwatch, told EURACTIV.

Meanwhile, the ministry of energy, which owns the energy complex in the most coal-reliant region of Gorj, is completely absent from the process, Mustață said.

The lack of consultation has clear consequences for the social acceptance of the process.

Romanian trade unionist Dumitru Fornea said the initial strategy for the Jiu Valley, drafted by a consulting firm, “unfortunately was not very well debated with the miners”, who dismissed the plan at first.

As a result, “the miners initially have rejected the possibility to work on this strategy together with the NGOs from Greenpeace or Bankwatch, but now they are more open.”

LACK OF INFORMATION FORMS UNLIKELY ALLIANCES

Circumstances, however, have been bringing trade unions and green NGOs closer together, even if their agendas may be somewhat at odds, with unions keen to preserve the livelihoods of their members and NGOs pushing for a fast transition away from carbon-intensive coal, which would entail job losses.

“Because of the just transition topic, I became very close with trade

unions,” Georgi Stefanov from WWF Bulgaria told EURACTIV.

“Although they don’t like our idea of greening the energy sector, they understood more or less we are those who are really giving them the truth, the information, much before the others in Bulgaria,” he said.

“The problem is that nobody talks with the people who are directly and non-directly involved in the workings of the mining complex,” said Romyana Grozeva, executive director at the regional economic development agency of Bulgaria’s biggest coal-producing region, Stara Zagora.

“There are no honest conversations to explain what will happen,” she added, pointing out more information about the plans would calm the workers and show them that the process is “under control.”

Criticism of transparency does not stop at the just transition plans: Concerns have also been raised about a lack of public consultation around EU countries’ recovery plans as member states rush to access the €672.5 billion pot of EU money.

It is a particular concern as the European Commission looks to bring everyone on board with the transition into a green and circular economy. Discussing with people on the ground the transition’s impact and ways to alleviate it will be key, but this has yet to happen in many regions in CEE.

STAKEHOLDER OPINION

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV Media network.

Lack of coal phase-out commitments in Eastern Europe jeopardises just transition

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By Alexandru Mustață



The coal-fired power station near Opatovice nad Labem, East Bohemia, Czech Republic
[FILIP SINGER / EPA-EFE]

Unambitious coal phase-out policies in central and eastern Europe threaten the just transition in the region and the European Commission should only accept plans that use the just transition fund to develop and diversify local economies for a greener future, writes Alexandru Mustață.

transition coordinator at the central and eastern European Bankwatch network.

In order to access the €17.5 billion Just Transition Fund, decision-makers from carbon-intensive regions across the EU and especially in Central and Eastern Europe (CEE) are rushing to finalise their Territorial Just Transition Plans.

outline a vision of a future without coal and other polluting industries, showing how they will use European money to build a decarbonised economy. They should also provide details on subjects for which regional authorities have little, if any, power, such as explaining from where greenhouse gas emission reductions will come.

Alexandru Mustață is the just

The documents are expected to

Even progressive regions will find

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this task challenging, as usually the only document to rely on for guidance is the National Energy and Climate Plan (NECP). NECPs were designed during the past two years and are supposed to show what measures countries will take in order to reach their 2030 climate targets.

But most of these plans are not ambitious enough – and many in CEE do not foresee a coal phase-out date.

Unexpected news came last week from Romania, where the country's Recovery and Resilience Plan promised a coal phase-out by 2032. A reason for celebration for climate campaigners, for sure, who were however still quick to point out that the phase-out can and should happen much earlier – [well before 2030](#).

In a country of 20 million, there are 16,000 workers employed in the coal sector, which generates approximately 20% of the country's power – so both solutions for the energy sector and for employment could be found earlier than a decade. However, neither are explained in the document.

For coal regions, the vague mention of a phase-out doesn't help with designing their territorial plans, as it doesn't specify when each individual power plant will shut down. It also comes at a late stage in the process, as most countries are due to submit their first version of the plans to the European Commission in June.

Other countries in the region are not in a significantly different

situation. Much discussion is taking place these days about the lawsuit between the Czech Republic and Poland, the former trying to stop the latter's Turów coal mine.

Recently, Poland tried to solve the issue by promising to spend over [€40 million](#) on reducing the mine's impact on local groundwater. But the project is much costlier: the region will also lose access to the Just Transition Fund as it fails to prove a path to transition.

The Commission highlighted that other sources of financing remain available – little consolation for a country that fought to get the lion's share, approximately €2 billion, from the Just Transition Fund.

The plaintiff in the Turów case doesn't stand much better: the industry-dominated Czech coal commission reached a similar conclusion like the one it was modelled after, in Germany, suggesting [2038](#) for a phase-out date.

But even the pro-fossils government realised that relying on coal for another 17 years is wishful thinking, so it asked the body to come up with an earlier date.

A Transformation Platform was set up to design the just transition plans in the Czech Republic, made up of 39 members from various fields. But those outside this platform, especially people in coal regions, had few chances to influence the plan – and many still don't understand what the Fund can do.

Although coal regions are not the only potential beneficiaries, the Fund was set up with them in mind in the first place, as this fossil fuel must be eliminated quickly from the energy systems in order to meet climate commitments, followed closely by fossil gas.

If Romania and the Czech Republic's phase-out dates are not ambitious enough, Poland doesn't even have one – apart from an agreement with miners to shut down the mines in 2049, in clear contradiction with the 2050 climate neutrality goal.

It is high time for the few governments in the EU which haven't yet decided on a phase-out date to design a strategy for a gradual yet swift closure of coal mines and power plants.

The Just Transition Fund, together with the other, much larger European funding instruments like the Cohesion Policy or the Resilience and Recovery Facility, represent a great opportunity to replace the jobs that will be lost in a sustainable manner.

The European Commission, too, has a key role to play: it must only accept those plans that contribute to the redevelopment and diversification of the local economy.



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